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BJ: LABOR AND THE AUSTERITY PROGRAM: EMBASSY REPORTING PROGRAM

1. SUMMARY: ALTHOUGH ALL OBSERVERS AGREE THAT THE WORKING
 ASS HAS BEEN SEVERELY AFFECTED BY THE PRESENT AUSTERITY PROGRAM,
 ADERS OF ORGANIZED LABOR FOR THE STATE OF JALISCO RULE OUT THE
 SSIBILITY OF ANY INDEPENDENT ACTION TO AMELIORATE THEIR SITUATION.
 BOR REMAINS LOYAL TO THE PROGRAMS OF THE GOM AND THE PRI. HOWEVER,
 EY ARE STRIVING TO DIMINISH THE IMPACT OF INFLATION ON THEIR MEMBER

NEGOTIATING FOR THE INCLUSION OF MORE FRINGE BENEFITS, SUCH AS
 SIC FOODSTUFFS (CANASTA BASICA) IN THEIR REMUNERATION.

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(C) 2. VARIOUS INDEPENDENT SOURCES HAVE COMMENTED TO CONOFFS THAT WORKERS HAVE SUFFERED A SUBSTANTIAL LOSS IN PURCHASING POWER OF WAGES. ORGANIZED LABOR OFFICIALS, WHILE AGREEING WITH THIS ASSESSMENT, RULE OUT POSSIBILITY OF ANY INDEPENDENT LABOR ACTIONS AIMED AT AMELIORATING SITUATION. CARLOS ARIAS HERNANDEZ (CAH), PRIVATE SECRETARY AND GRANDSON OF JALISCO CONFEDERATION OF MEXICAN WORKERS (CTM) HEAD, SEN. HELIODORO HERNANDEZ LOZA, POINTED OUT THAT WORKERS WOULD BE THE FIRST ONES HURT IF THEY WERE TO CALL A GENERAL STRIKE OR OTHER SIMILAR ACTION. INSTEAD, THE UNIONS ARE CONCENTRATING ON FIGHTING THE PROPOSAL (SINCE DEFEATED) OF TAXING SOME OF THEIR FRINGE BENEFITS. CAH NOTED THAT RISES IN MINIMUM WAGE, UPON WHICH OTHER WAGE RATES ARE BASED, RESULT IN PRICE RISES THAT TEND TO NEGATE THE INTENT OF WAGE RISE. FOR THIS REASON, THE CTM IS SEEKING TO PROTECT WORKERS FROM THIS WAGE-PRICE SPIRAL TYPE OF INFLATION BY INCREASED (MORE ITEMS) BENEFITS. ONE OF THESE IS THE PROVISION OF BASIC FOODSTUFFS (CANASTA BASICA) TO THE WORKERS, BY MEANS OF COUPONS REDEEMABLE AT CONASUPO, OR PRIVATE SECTOR SUPERMARKETS.

(C) 3. OFFICIALS OF THE JALISCO CTM AFFILIATED BRICKLAYERS UNION LIKEWISE AFFIRM THAT ALTHOUGH THEIR MEMBERS ARE SUFFERING GREATLY FROM THE CRISIS, THEY ARE, IN THE WORDS OF THEIR SECRETARY GENERAL, "NOT ABOUT TO MAKE A REVOLUTION." THEY CONSIDER THE DEFEAT OF THE PROPOSAL TO TAX FRINGE BENEFITS A VICTORY FOR THEIR WORKERS.

(U) 4. BOTH CTM AND REVOLUTIONARY CONFEDERATION OF WORKERS AND CAMPESENO (CROC) OFFICIALS EXPLAINED THAT THE LEADERS OF THEIR UNIONS HOLD FREQUENT MEETINGS TO EXPLAIN THE POLICIES OF THE UNIONS TO THE MEMBERSHIP. THE CROC LEADERS ALSO SEEMED INTERESTED IN EXPANDING THE SYSTEM OF BENEFITS TO INCLUDE COUPONS OR TICKETS REDEEMABLE FOR SUCH ITEMS AS FOOD, CLOTHES, TRANSPORTATION, AND RECREATION.

(C) 5. SEVERAL TIMES DURING MY INTERVIEW WITH HIM, ARIAS HERNANDEZ STRESSED THE INDEPENDENCE OF THE CTM FROM THE PRI AND ITS RELATIVE POWER WITHIN IT. ONLY LABOR, ALONE AMONG THE OTHER SECTORS (POPULAR AND CAMPESENO), IS NOT SUBSIDIZED BY THE GOVERNMENT AND IS CONSEQUENTLY THE ONLY SECTOR THAT HAS AN INDEPENDENT BASE OF OPERATIONS: A DUES-PAYING MEMBERSHIP.

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6. THE LEADERS AT ALL POINTS RE-EMPHASIZED THEIR COMMITMENT TO THE POLICIES OF THE GOM AND THE PRI. THEIR FIRST DUTY, THEY SAY, TO ACT IN A PATRIOTIC MANNER. TO CALL FOR A GENERAL STRIKE OR AN IMMEDIATE RISE IN SALARY AT LEAST COMMENSURATE WITH INFLATION THEY SEE AS UNPATRIOTIC.

17. COMMENT: THE "EMERGENCY" RISE IN THE MINIMUM WAGE, WHICH MOST OBSERVERS EXPECT TO BE 20 PERCENT, IN JUNE OR JULY, WILL PROBABLY DO LITTLE TO IMPROVE THE SITUATION OF THE WAGE EARNER. GOING THE LINE ON SALARIES IS A CALCULATED RISK OF THE ADMINISTRATION IN ITS ATTEMPTS TO CURB INFLATION. HOW LONG IT CAN CONTINUE TO COUNT ON LABOR SUPPORT DEPENDS ON FUTURE DEVELOPMENTS.

COMMENT. (DRAFTED BY: SGGHITFLMAN) ARIAS

QUOTE

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OF MESSAGE

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